



South-South Digital Cooperation

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Trade is NOT Working for ALL: 'Free Trade Delusion' (UNCTAD TDR 2018)

Today's GVCs – Big companies are amassing bulk of profits
5 largest exporting firms - account for 30% of country's total exports.

10 largest exporting firms – account for 42% of country's total exports

New entrants: 'low survival rates'
73% of firms stop exporting after 2 years.

=> WINNER TAKES ALL

Digital Economy Poses Further Challenges

- Network Effects
- Huge investments by investors allow for anti-competitive practices eg. Predatory pricing

3 'truths' (Das, Centre for WTO Studies):

- Those who have data have the consumers
- Size begets size
- Behind each success story can be found evidence of anti-competitive practices

=> Who owns the technology + has access to finance owns the market

- Owns platforms
- Have ability to analyse data in real time
- Provides new services

Who owns the technology?

Making Trade Work for ALL

1) Trade rules still need to be made equitable

E.g. Agriculture rules

2) Trade rules must allow for all countries/ regions to have industrial development (not just the most competitive deserve to industrialise)

Important for EMPLOYMENT

Problematic – TRIMS; TRIPS / TRIPS + rules

Importance of localisation requirements

Free data flows means – Jumping tariff walls; jumping past GATS scheduled market access limitations

I.e. We need to reverse the trend of ‘hyper globalisation’. Domestic/ Local economies must be allowed to flourish. Just like tariffs are necessary, localisation requirements will play the same role

3) New Ecommerce Rules would be contrary to reversing hyper globalisation

TRIMS +; no technology transfer; reduce possibility to have local digital industrial development

Eg. Robotics in Agriculture- milking of cows
Account for half of new dairy equipment
installed in Germany and 90% in Sweden and
Finland. Netherlands is global leader.

From US International Trade Commission 'Global
Digital Trade 1: Market Opportunities and Key
Foreign Trade Restrictions'

Press Release by the European Milk Board (29 Sept 2016)

'If the EU is unable to lower production to an appropriate volume within its own borders, European producers will not be the only ones affected by the resulting rock-bottom prices. When the EU produces too much, the surplus often ends up in markets in developing countries at dumping prices. René Millogo explains the problem by referring to the current milk prices in Burkina Faso: "The average shop price for a litre of locally-produced milk is 600 CFA (about 91 eurocents). In comparison, milk produced from imported milk powder costs only 225 CFA (34 cents). This puts the local production at risk and destroys opportunities for local pastoral communities to earn a living."

...'We hope that our European counterparts will consider the information derived from our talks in future decisions about dairy policy. It is important for them to strongly advocate a sustained reduction in overproduction in the EU. African countries that can fulfil their own needs are better for Europe as well. If the local socio-economic situation is not favourable, immigrating to Europe or other continents will be the only option, especially for young people," says Mariam Diallo, explaining their point of view.'

US National Trade Estimate 2018

Factsheet: Key Barriers to Digital Trade

‘...digital trade is under threat from **a growing number of laws and regulations that block the flow of data across borders**, impede the provision of services such as cloud computing, or otherwise restrict the ability of firms to take advantage of best-in-class digital services. Some of these government actions are explicitly protectionist, while others impose unnecessary burdens on digital trade in seeking to address legitimate public policy goals

In December 2017, the United States joined 70 other WTO Members in initiating exploratory work on possible future negotiations on these issues. The Trump Administration intends to use **these discussions as a valuable forum to develop commercially meaningful rules that address restrictions on digital trade**, and will work with like-minded WTO Members who share the Administration’s interest in moving forward on digital trade issues within the WTO.

- **China's Restrictions on Cross-Border Data Flows and Data Localization Requirements:** China's 2017 Cybersecurity Law and 2015 National Security Law prohibit or severely restrict routine cross-border transfers of information and impose data localization requirements on companies in "critical information infrastructure sectors."
- **China's Restrictions on Leased Lines and VPNs:** In 2017, China issued a circular that imposes severe restrictions on the use of leased lines and virtual private networks (VPNs), which are commonly used in the course of supplying a wide range of services to ensure the security and confidentiality of information transferred across borders.
- **China's Cloud Computing Restrictions:** China severely restricts investment in cloud computing services, which affects companies that supply cloud computing services and those that need to source such services. In addition, the 2017 circular on leased lines and VPNs effectively prohibits the use of leased lines and VPNs in providing cloud computing services on a cross-border basis.
- **China's Web Filtering and Blocking:** China continues to engage in extensive blocking of legitimate websites. China currently blocks 12 of the top 30 global sites and up to 3,000 sites in total, affecting billions of dollars in potential U.S. business.
- **Indonesia's Data Localization Requirements:** Indonesia requires providers of a "public service" to establish local data centers and disaster recovery centers in Indonesia. Other regulations require local storage and processing of certain personal data and financial data.
- **Indonesia's Barriers to Internet Services:** In 2017, Indonesia proposed new regulations that would require providers of "over the top" (OTT) services to register with the government, identify permanent local representatives, and open bank accounts in Indonesia. The proposed regulations include a broad definition of OTT services that may cover every service provided via the Internet.
- **Indonesia's Tariffs on Digital Products:** Indonesia is reportedly moving forward with plans to impose duties on digital products such as digital music, e-books, and apps. Imposition of duties on digital products would likely raise concerns regarding Indonesia's longstanding WTO commitment—renewed on a multilateral basis in December 2017—not to impose duties on electronic transmissions.
- **Korea's Restrictions on Cross-Border Transfer of Location-Based Data:** Korea restricts the export of location-based data, disadvantaging international suppliers that incorporate services such as traffic updates and navigation into their products. Korea is the only market in the world that USTR is aware of maintaining such restrictions.
- **Nigeria's Data Localization Requirements:** Nigeria requires businesses to store all data concerning Nigerian citizens in Nigeria. Nigeria also requires businesses to host all government data locally unless officially exempted. These requirements discriminate against foreign businesses that distribute their data storage and processing globally.
- **Russia's Data Localization Requirements:** Russian law requires that certain data on Russian citizens collected electronically by companies be processed and stored in Russia. Many U.S. companies face a choice between withdrawing from the Russian market and operating under significant legal uncertainty.
- **Thailand's Web Blocking:** Thailand recently expanded its authority to regulate online content, and, over the past year, the Thai government has greatly increased the number of social media posts that it has blocked. The new rules afford no mechanism for appealing or otherwise challenging these decisions.
- **Turkey's Data Localization Requirements:** Turkey limits transfers of personal data out of Turkey and, in many cases, requires firms to store data on Turkish citizens within Turkey. A separate law requires all suppliers of electronic payment services, including those that are Internet-based, to maintain primary and secondary information systems within Turkey.
- **Vietnam's Restrictions on Online Advertising:** Vietnam requires advertisers to contract with a local services supplier as a condition of placing advertisements on foreign websites targeting Vietnam. This requirement is burdensome and impractical, given that the online advertising market typically functions through automated, real-time auctions for ad space.
- **Vietnam's Data Localization Requirements:** Vietnam is currently debating a draft law on cybersecurity that contains many provisions that could serve as barriers to digital trade, including data localization rules and requirements to obtain consent to transfer personal information across borders. Such requirements place extra burdens on foreign firms operating in Vietnam.

Leaked EU Document About Cross Border Data Flows and Trade Agreements

Article A: Cross-border data flows

1. The Parties are committed to **ensuring cross-border data flows** to facilitate trade in the digital economy. To that end, cross-border data flows shall not be restricted between Parties by:
 - (i) Requiring the use of computing facilities or network elements in the Party's territory for processing, including by imposing the use of computing facilities or network elements that are certified or approved in the territory of a Party;
 - (ii) Requiring the localisation of data in the Party's territory for storage or processing;
 - (iii) Prohibiting storage or processing in the territory of the other Party;
 - (iv) Making the cross-border transfer of data contingent upon use of computing facilities or network elements in the Parties' territory or upon localisation requirements in the Parties' territory.

Article B: Protection of personal data and privacy

1. Each Party recognises that the protection of personal data and privacy is a fundamental right and that high standards in this regard contribute to trust in the digital economy and to the development of trade.
2. Each Party may adopt and maintain the safeguards it deems appropriate to ensure the protection of personal data and privacy, including through the adoption and application of rules for the cross-border transfer of personal data. Nothing in this agreement shall affect the protection of personal data and privacy afforded by the Parties' respective safeguards.
3. For the purposes of this agreement, 'personal data' means any information relating to an identified and identifiable natural person.
4. For greater certainty, the investment Court System shall not apply to the provisions in Articles A and B.

USTR's NTE

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Location-based services in Korea get support from the government

by FRANCIS TAN — Apr 22, 2011 in ASIA



Most



Revenue from location-based services to grow by 25 percent this year in South Korea: Study

By News Desk - February 15, 2018

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Revenue from location-based services to soar by 25% in South Korea

South Korea: Revenue generated from location-based services has been forecast to grow by 24.8 percent to reach 1.2 trillion won this year, as compared to the previous year.

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